

Egypt Capital Markets Development Project

Extension Period (12 Sept. 2003 - 28 Feb.
2004) Work Plan

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ACRONYMS

CASE	Cairo and Alexandria Stock Exchanges
CBE	Central Bank of Egypt
CMA	Capital Market Authority
CMD	Capital Markets Development project
ECMA	Egyptian Capital Market Association
EDGAR	Electronic Data Gathering and Retrieval System (U.S.)
IPF	Investor protection fund
IT	Information technology
LOE	Level of effort
MOFT	Ministry of Foreign Trade
MOF	Ministry of Finance
MCDR	Misc for Central Clearing, Depository, and Registry
QPR	Quarterly progress report
OTC	Over-the-counter market
REFA	Real Estate Finance Authority
SEC	Securities and Exchange Commission (U.S.)
SRO	Self-regulatory organization
USAID	United States Agency for International Development

SECTION I

Introduction

Chemonics International and a team of highly qualified subcontractors have implemented the Egypt Capital Markets Development (CMD) project during the five years since its inception and are pleased to report significant success in accomplishing the original contract's scope of work (SOW), intermediate results, and long-range outcomes. At the conclusion of the initial contract, we can report that nearly all of the planned outcomes have also been achieved. Here, we lay out our plans under CMD's extension period (12 September 2003 up to 28 February 2004), which was recently granted by the United States Agency for International Development (USAID).

This work plan draws on USAID's SOW for the extension period. It also incorporates needs identified by CMD and its partner institutions. We find the SOW well conceived and responsive to the needs of the Egyptian capital market for additional donor assistance. We believe its objectives and tasks will yield significant results by the end of the project's extension, and have incorporated these elements into this work plan.

The work plan has four major activity areas: (1) institutional development, (2) development of the legal and regulatory framework, (3) stimulation of the primary and secondary markets for fixed-income securities, and (4) new financial instruments. To achieve the goals outlined in these areas, CMD will focus efforts on two main partner institutions, with assistance provided to other institutions as it relates to fulfilling the contract's primary objectives and deliverables. USAID encouraged CMD's focus on these institutions, as they are essential to the functioning of the capital market and require the most donor assistance. The partner institutions are:

- *Capital Market Authority (CMA)*. Assistance will be provided to the CMA in all four areas. Selected outcomes include the implementation of investor protection fund, the new net capital rules and regulations governing margin trading, restructuring of the CMA along functional lines, improved disclosure of financial and material information, and possible new regulations covering securitization activities, corporate governance, and related areas.
- *Ministry of Finance (MOF)*. With the MOF, we will continue to provide assistance on the creation of a primary dealer system for government securities and its registry for debt securities. Significant strides were made in this area with the issuance of a decree and executive regulations for the creation of the system in 2002. Under this work plan, we will provide technical assistance to support the entire process leading to the launch of the system. These activities will be conducted in partnership with the U.S. Treasury's Office of Technical Assistance, working under another USAID funded project.

CMD also finds it necessary and beneficial to work with other market institutions to achieve the main objectives outlined in the contract extension's SOW. These institutions include:

- *Central Bank of Egypt (CBE)*. The CBE is the MOF's agent for the issuance of government debt. As such, we will continue to work with the CBE on electronic book-entry registries for government securities. The registry for Treasury bills developed by the CMD team was

launched by the CBE in June 2002. Since then, trading in Treasury bills on the secondary market has increased exponentially. Under this work plan, we will continue to support the Treasury bill registry on changing trading from issue date to maturity date.

- *Cairo and Alexandria Stock Exchanges (CASE)*. In line with CMA priorities, we will help CASE move toward becoming a fully functioning self-regulatory organization (SRO) by strengthening its internal rules and regulations, specifically membership rules.
- *Misr for Central Clearing, Depository, and Registry (MCDR)*. Areas of assistance will include training staff members of MCDR on the primary dealers system as MCDR was named by the MOF to be the depository for the governmental bonds.
- *Egyptian Capital Market Association (ECMA)*. Areas of assistance include outreach to selected groups of investors, prospective investors, and association members (for example, awareness and training related to the implementation of new margin trading and net capital rules).

As in previous years, we will continue to maintain contact with the Ministry of Foreign Trade (MOFT), through which the CMA reports to the People's Assembly.

The remainder of this work plan outlines the specific tasks, timing, deliverables, and outcomes that will guide CMD's work under this extension. Similar to last year's work plan, we have divided the plan into sections based on major activity areas. The final section of the work plan lays out our monitoring and evaluation strategy for the extension period. Despite the fact that substantial "real-world" outcomes are often beyond the project's control, we will maintain our focus on these outcomes, rather than specific deliverables.

SECTION II

Institutional Development

USAID's SOW for CMD's extension period conceives of institutional development in the widest possible terms, encouraging CMD assistance with the overall development of market infrastructure and institutions. The objective of this activity is the continued development of stronger capital market institutions with specific strategies for future development. This includes implementation of investor protection mechanisms, new prudential regulations, restructuring of the CMA, and improved disclosure of financial and material information. As such, institutional development is the largest area of assistance under this work plan. It builds on progress achieved by the CMD project and its institutional partners during the first five years. For example, it recognizes the movement of several initiatives carried out by the project from the legal and regulatory area to the implementation phase. These initiatives include margin trading and net capital regulations, as well as the decree for the creation of the Investor Protection Fund (IPF). Under this area, there are four tasks in two major areas.

A. Risk-Containment Initiatives

Minimizing non-market risks is key to capital market development as it is a primary element in raising investor confidence. CMD made significant progress in this area by assisting the CMA and MCDR with the successful establishment of the Settlement Guarantee Fund (SGF) in 2000. CMD and the CMA drafted executive regulations governing margin trading and establishing net capital rules for securities brokerage companies, drafted the CASE membership rules, to implement these regulations, as well as drafted a decree for the creation of an IPF. In line with CMA and ECMA priorities, we expanded the coverage of the IPF to include losses of client assets resulting from professional and criminal misconduct by securities intermediaries and their employees in addition to the common coverage against losses of client assets due to broker insolvency or bankruptcy.

Now that the regulations are issued and the margin trading rules and the IPF decree are ready for issuance, we will assist the CMA with implementation.

Task ID1. Investor Protection Fund

Task leaders: Senior Legal Advisor Neffertiti Tosson

The decree for the IPF is currently pending finalization by the CMA and issuance by the Prime Minister. The fund was, initially, designed to protect investors from the loss of cash and securities in the case of bankruptcy or insolvency of a securities intermediary or any other company involved in securities business and licensed by the CMA. At the request of both CMA and ECMA, CMD modified the proposed design of the fund to cover also losses of client assets resulting from professional or criminal misconduct by securities firms and their employees. CMD assisted throughout the drafting process and assisted further with final modifications to the decree with the short-term financial advisor Charlie Rubin. Rubin also developed an implementation plan to launch the fund. Our short-term insurance advisor Dr. Mustafa Mazhar assisted the legal department of

the CMA in proposing a formula for the participant's contribution and bias of calculation for each category of the fund participants.

CMD will finalize the prime ministerial decree with Rubin and translate it for approval by the CMA board of directors. We will also assist the CMA with the drafting of executive rules implementing the decree and with the execution of the implementation plan for the fund.

Outcome

Issuance of the IPF decree, completion of a full set of executive regulations, and a detailed plan to implement the fund.

CMD Activities

- a) Assist with finalization of the IPF decree for issuance by the Prime Minister
- b) Draft and finalize executive rules
- c) Execution of the implementation plan for the fund (pending approval of decree)
- d) Workshop for market participants and journalists

Deliverables

- Draft executive rules, December 2003
- Execute implementation plan for IPF, January 2004
- Workshop for market participants and journalists, January 2004

Short-term Resources

- Expatriate IPF advisor, 12 days LOE
- Local insurance advisor, 22 days LOE
- Local law firm for participating in the workshop, 2 days LOE

Task ID2. Implementation of Margin Trading and Net Capital Regulations and Rules

Task Leader: Senior Financial Advisor and Deputy Chief of Party Ahmed Hussein El-Sayed

The regulations for margin trading and accompanying net capital requirements were approved by the CMA Board of Directors and issued by the Minister of Foreign Trade in 2002. Implementation of these regulations, as drafted by CMD, requires adopting new rules by CASE, applying new procedures at brokerage companies, and new inspection skills and procedures at the CMA.

The margin trading and net capital rules were drafted by the CMD with CASE and CMA, as part of CASE membership rules, early in 2003. These rules are ready for issuance.

To put these rules into implementation, CMD will help the CMA conduct workshops and training sessions for industry representatives and journalists as well as for CMA managers and staff members. We will also work with the CMA on the development of an electronic system for brokers to regularly report net capital in a uniform manner.

Outcome

Licensing of brokerage firms to extend to clients a credit on margin to purchase securities and compliance of these brokerage firms with the applicable regulations, rules, and procedures.

CMD Activities

- a) Assist the CMA with workshop on membership, margin trading and net capital rules for brokerage firms and journalists. The workshop will be coordinated with ECMA.
- b) Conducting training sessions and develop inspection procedures and checklists for the CMA managers and staff to monitor and review compliance with the new regulations and rules by licensed firms.
- c) Develop an electronic reporting system for net capital reporting by brokerage firms to the CMA, CASE and MCDR.

Deliverables

- Workshop for brokers and journalists, December 2003
- Training and inspection procedures and checklists for CMA managers and staff members, December 2003
- Electronic reporting system (software), December 2003

Short-term Resources

- Expatriate margin trading advisor, 4 days LOE
- Local programmer/Database Specialist, 12 days LOE
- Local law firm, 10 days LOE

Task ID3. Restructuring along Functional Lines

Task Leader: Senior Financial Advisor and Deputy Chief of Party Ahmed Hussein El Sayed

In 2003, the CMA embarked on an ambitious effort for a strategic planning process that came up with the CMA first ever strategic plan. The new plan together with the introduction of new financial instruments and new trading practices required the CMA to enhance its functional efficiency and effectiveness through restructuring, by concentrating essentially on its core regulatory functions.

In the second quarter of 2003, CMD undertook a detailed assessment of the CMA's current organizational structure, functions, and personnel. Based on this assessment, we identified overall recommendations for restructuring the CMA regulatory functions. These preliminary recommendations were well received and agreed upon by the CMA Chairman. Under this extension, we will work with the CMA identifying the specific restructuring and reorganization required for the implementation of the recommendations. This will include job descriptions for key positions, functional statements for departments and units, and recommendations on the assignment of responsibility and delegation of authority within the CMA.

Outcome

Presentation of a new organizational structure, functional statements, and job descriptions to the CMA Board of Directors for approval.

CMD Activities

- a) Develop implementation plan for the restructuring recommendations
- b) Develop and present draft organizational structure, functional statements, and job descriptions in accordance with the recommendations, while considering all relevant local laws, regulations, and administrative procedures
- c) Finalize organizational structure, functional statements, and job descriptions in accordance with comments received from the CMA senior management

Deliverables

- Draft implementation plan for restructuring and reorganization, October 2003
- Draft organizational structure, functional statements and job descriptions, October 2003
- Final version of new organizational structure, functional statements, and job descriptions, January 2004

Short-term Resources

- Expatriate organizational development/securities regulatory advisor, 20 days LOE
- Local organizational development advisor, 80 days LOE
- Local human resources development advisor, 20 days LOE

B. Disclosure and Transparency

The CMA and CASE have recently taken steps to strengthen disclosure and transparency with the issuance of new exchange listing rules, an effort on which CMD assisted. CMD also provided comprehensive recommendations on the disclosure of financial and non-financial information, assisted with workshops on investor relations, and procured and installed a document archiving system at the CMA. Under this work plan, we will assist the CMA in its continuing efforts to increase its ability to electronically maintain and access information disclosed by issuers and to disseminate this information to the investing public by launching its disclosure website.

ID4. CMA Disclosure Website

Task leader: Senior System Analyst Ibrahim Sabri

CMD will continue the procurement of a website content management software which would enable the CMA in the efficient management of its website contents. The website contents could be: static web pages, dynamic web pages, news, rules and regulations, financial statements, etc. This procurement includes, also, a service subcontract in which the successful bidder will develop the necessary software to allow interfacing with the existing CMA Electronic Document Archiving System (funded by the USAID under the CMD project), and publishing the financial statements (historical and current) on the CMA website.

Outcome

Launch of the CMA disclosure website.

CMD Activities

- a) Final evaluation of the best and final offers
- b) Award contract
- c) Follow-up installation, training, and implementation
- d) Final acceptance of the system

Deliverables

- CMA disclosure website, January 2004

Short-term Resources

- IT Consultant, 35 days LOE
- IT Consultant, 15 days LOE

SECTION III

Legal and Regulatory Development

CMD will continue to provide extensive legal and regulatory assistance to its institutional partners. The focus will be on the CMA's main priorities, including technical assistance in the development of a regulatory framework for the securitization of debt backed by assets and mortgages, and drafting other new rules and regulations to strengthen the capital market and reduce non-market risks, including fraud and financial crimes, and corporate governance. The objective of this component is a stronger legal and regulatory framework for the capital market, including the implementation of new regulations and risk-containment mechanisms.

Task LR1. Securitization

Task leader: Senior Legal Advisor Ziad Bahaa El Din

Main Resources: Senior Legal Advisor Neffertiti Tosson and Senior Financial Analyst Hesham Ibrahim

CMD's assistance to the CMA with the development of legal and regulatory framework for the securitization of assets and mortgages follows the passage of the Real Estate Finance Law in 2001. It became apparent that further legal measures were required to establish the groundwork necessary for the successful introduction of securitization. This includes the amendment of the Capital Market Law and its executive regulations.

CMD will continue providing assistance to the CMA and the Real Estate Finance Authority (REFA), through the CMA, regarding to rules and procedures of real estate financing.

Outcome

Issuance of regulations covering securitization activities and developing an implementation plan for REFA through CMA

CMD Activities

- a) Conduct additional activities as defined with the CMA and REFA, including drafting new regulations and funding training.
- b) Develop a study on securitization in other relevant jurisdictions, including legislations in those countries. The study will also include a comparison between the proposed Capital Market Law amendments for securitization and the securitization legislations in such countries in order to adopt the maximum efficiency measures used before in these countries.
- c) Workshop for journalists on the issuance of the law amendments.
- d) Conference on securitization mechanics in cooperation with the Egyptian Young Bankers Association

Deliverables

- Securitization study by local short-term expert, October 2003
- Draft regulations on securitization, pending approval of Capital Market Law amendments, December 2003-January 2004
- Workshop for journalists, December 2003-January 2004
- Conference with Egyptian Young Bankers Association, October 2003

Short-term Resources

- Local short-term securitization expert, 10 days LOE
- Local law firm, 15 days LOE

Task LR2. New Rules and Regulations

Task leader: Senior Legal Advisor Neffertiti Tosson and Senior Financial Analyst Hesham Ibrahim

In the past five years, the CMD project has been called upon to assist the CMA with drafting rules and regulations to strengthen the capital market and reduce non-market risks. Under this work plan, CMD will continue to offer assistance in this area on an as-needed basis. Possible areas of new assistance include bankruptcy, and fraud and financial crimes. CMD will also provide assistance to the CMA in the corporate governance area to prepare its paper that will be delivered at the global corporate governance forum, in Paris in November 2003. The paper will include assessing corporate governance principles in five countries in the region, Egypt, Morocco, Jordan, Oman, and Lebanon. The report will also include comments about how much the current principles are suitable to be implemented in Egypt as well as recommendations to improve the current principles to suit countries in the MENA region. The purpose is to unify the regional standards to be implemented in those countries.

Outcome

Outcomes under this task will be determined over the course of the coming extension period by the CMA and market needs.

CMD Activities

- a) Develop a report for MENA countries to be presented, by the CMA, at the global corporate governance forum in Paris, November 2003.
- b) Workshops for the CMA inspection staff and market participants on fraud and financial crimes, new amendments, and the operational training necessary to implement.
- c) Provide legal and regulatory assistance as needed throughout the extension period.
- d) Workshop for judges and prosecutors on fraud and financial crimes.

Deliverables

- Corporate governance report, October 2003

- Selected workshops on legal and regulatory issues (at least two), December 2003-January 2004
- Operational training for CMA inspection staff, December 2003
- Workshop for judges and prosecutors on fraud and financial crimes, December 2003

Short-term Resources

- Local law firm for the workshop for judges and prosecutors, 5 days LOE

SECTION IV

Primary and Secondary Markets for Fixed-income Securities

The objective of this component is increased trading volumes in the secondary market for government securities and corporate fixed-income instruments. The MOF and CBE are introducing primary dealers for government securities, improving debt management capabilities and enhancing the electronic trading infrastructure for government and other fixed-income securities.

Two major achievements drive our work-plan tasks in this area: (1) the issuance of the decree and executive regulations creating the primary dealer system, and (2) the launch of the electronic book-entry registry for Treasury bills facilitating trading on the secondary market. Under this work plan, we will continue assistance to establish the primary dealer system, support the book-entry registry for Treasury bills, and provide technical assistance to MCDR on conversion of government bonds into its book-entry system. We will also strengthen the CMA's regulatory ability to regulate the trading of fixed-income securities and continue to help strengthen the MOF's debt management capabilities.

Task FIS1. Primary Dealers for Government Securities

Task leader: Senior Financial Advisor Manal Shalaby

The success of developed capital markets is due in part to a vibrant government securities market. Trading in government debt serves as a benchmark for the pricing of other debt instruments, giving the market useful information for capital market decisions and allowing for more trading activities, liquidity, and opportunity to better define the yield curve for government securities.

The Minister of Finance has issued a decree for the creation of a primary dealer system. The CMD project and the U.S. Treasury's Office of Technical Assistance have assisted in the development of relevant documents, the selection process for primary dealers, and the creation of the Primary Dealers Association. They also provided extensive training to potential primary dealers in the form of workshops and one-on-one meetings, and assisted the MOF with the establishment of the Department of Primary Dealers and Auctions. Further work is required with implementation of the executive regulations and registration. The primary dealers will be the primary underwriting syndicate for government debt in Egypt, with the responsibility for maintaining active secondary markets. Technical assistance may include, but is not limited to, training for employees of primary dealers, MOF officials, staff of MCDR and other market participants. On a demand-driven basis, organizational and institutional development assistance may also be provided by CMD. Aspects of this task will be coordinated with the MOF, the CMA, the CBE and the MCDR.

Outcome

Launch of the MOF's Primary Dealers System and converting government bonds from physical certificates to the book-entry system of MCDR.

CMD Activities

- a) Provide training for MCDR staff on activities related to primary dealers
- b) Continue training for primary dealers in their duties and obligations, as well as trading in the primary and secondary markets for government securities
- c) Provide technical assistance to the CMA, as the regulator of activities related to trading of government bonds
- d) Provide continuous technical assistance to the MOF's Department of Primary Dealers and Auctions
- e) Promoting awareness of the new Primary Dealers System.

Deliverables

- On-the-job training for MOF's Department of Primary Dealers and Auctions, December 2003
- Training workshops for selected primary dealers, throughout the extension period
- Training workshops for MCDR and CMA staff, throughout the extension period
- Conduct at least two roundtables for all participants including MOF, CBE, CMA, MCDR and the selected primary dealers, January 2004
- Conduct one forum for journalists on the Primary Dealers System, January 2004

Short-term Resources

- Expatriate primary dealers advisor, 30 days LOE

Task FIS2. Debt Management

Task leader: Chief of Party François Jude-Pépin

With CMD assistance, the MOF established and staffed a Debt Management Unit within the MOF. This unit has taken a major role in managing the debt of the government of Egypt and determining its issuance requirements. Most importantly, the unit manager worked closely with the Minister, CMD, and U.S. Treasury during the issuance process for Egypt's first sovereign bond (in July 2001). Under this work plan, we will continue to supply debt management expertise to the MOF in the form of a resident advisor. Our focus will be in providing technical assistance to the MOF with regard to the development of a plan for debt issuance, based on scenarios already being considered by the ministry and other government bodies.

Outcome

Release of a calendar for the issuance of debt by the government of Egypt for 2003-2004.

CMD Activities

Provide technical assistance with the finalization of a schedule for the issuance of government debt

Deliverables

Most of CMD's work product on this task will relate to the governments borrowing needs and hence, will be kept confidential. As a result, there are no specific deliverables identified for this task.

Task FIS3. Trading Infrastructure for Government and Other Fixed-income Securities

Task leader: Chief of Party François Jude-Pépin

In June 2002, the CBE launched the MOF electronic book-entry registry for Treasury bills. It was developed, programmed, and implemented with assistance from the CMD project. The Treasury bill registry is functioning well, but requires several modifications, in particular to accommodate the primary dealer system. The most significant of these is changing the current practice of registering bills by issuance dates to registering them by maturity dates in line with international standards.

The CBE is in the process of converting the T-bills trading from issue date to maturity date. This involved changes in the existing software. The changes were carried out by the CMD project. It is anticipated that the CBE will start implementing the new changes during this year. CMD project assistance will be required to the CBE during the first few days of the implementation.

Outcome

Improved trading and registry infrastructure for Treasury bills.

CMD Activities

Assist the CBE with the implementation of the new T-bills changes.

Short-term Resources

- Local programmer/Database specialist, 3 days LOE.

Task FIS4. Disclosure Guide on Fixed-Income Securities

Task leader: Senior Financial Advisor Manal Shalaby

In 2002, the CMD worked with the CMA on assessing the need for establishing a fixed-income securities unit at the CMA with the purpose of facilitating the processes of issuing and trading these securities. CMD will continue providing technical assistance to the CMA to issue a guide on disclosure requirements for issuing and trading fixed-income securities by companies.

Outcome

Clear disclosure requirements for issuing and trading fixed-income securities.

CMD Activities

Develop and present the disclosure guide

Deliverables

- The disclosure guide on fixed-income securities.

SECTION V

New Financial Instruments

New financial instruments are introduced by the market based on the needs of issuers and investors. To facilitate this process, CMD will provide technical assistance to the MOF on the role of National Investment Bank (NIB) on its mandate to play a leading role in the implementation of the new Real Estate Finance Law and conduct roundtable sessions on financial instruments that might be appropriate for introduction into the Egyptian capital market. The roundtables will serve to enhance awareness of these instruments among issuers, major investors, financial intermediaries, and regulators, including the potential benefits they offer.

Task NFI1. Debt Floatation by the National Investment Bank

Task leader: Chief of Party François Jude-Pépin

CMD will assist the MOF with the creation of a road map for the floatation of issues of debt securities, such as mortgage-backed securities to provide liquidity to the mortgage market, and the leading role of the NIB in the floatation of such debt, including the establishment of a mortgage guarantee fund.

Outcome

A roadmap for the floatation of debt securities by the NIB.

CMD Activities

Provide technical assistance on the liquidity of the secondary debt market.

Deliverables

- Report on the scenarios the NIB could assume on the function and liquidity of the secondary debt market, including a roadmap for the establishment of a separate entity based on the scenario selected, December 2003
- Report on alternatives available to the NIB to raise funds through the debt market, including an assessment of receptivity among local and international participants, December 2003.

Short-term Resources

- Expatriate public debt floatation advisor, 44 days LOE

Task NFI2. Awareness of New Financial Instruments

Task leader: Communications and Media Relations Advisor Iman El Sherif and Senior Financial Analyst Hesham Ibrahim

Main resources: Senior Financial Advisor Manal Shalaby and Deputy Chief of Party Ahmed Hussein

In this area, CMD will work with the CMA, MOF, and the private sector to raise awareness and understanding of potential new financial instruments, including asset-backed securities, short term debt instruments, and introducing a new concept of brokerage firms such as “discount brokers” and “full service financial institutions”.

Outcome

Evidence of increased awareness of at least one type of a potential new financial instrument.

CMD Activities

- a) Conduct one roundtable for selected issuers, intermediaries, and regulators on potential new financial instruments
- b) Provide technical assistance on both new debt instrument and new type of securities firms.

Deliverables

One roundtable session, December 2003 - January 2004

SECTION VI

Monitoring & Evaluation

As in previous years, CMD will continue to focus its monitoring and evaluation efforts on clear and tangible outcomes identified in the work plan. The outcomes are designed to assess the impact of our work on our institutional partners' development (see Table 6.1). Most of them are not solely dependent on CMD's work; and they will demonstrate joint achievements that have a tangible impact on capital market development. This reflects CMD's focus on implementation and our commitment to the needs of our partner institutions. Therefore, if circumstances require it, the tasks and specific deliverables may be changed or modified to accomplish our primary goal. Such modifications will be coordinated with USAID and our institutional partners.

In our quarterly progress reports (QPRs), we will report on the current status of each outcome and identify obstacles to its achievement by the end of Chemonics' current contract with USAID. In this work plan, we have also included a list of deliverables specified in Chemonics' contract for the extension period (see Table 6.2). Each is referenced to a specific task. We will report on the status of the deliverables required under this work plan in our QPRs.

Table 6.1 Summary of Tasks and Expected Outcomes for 2003-4

No.	Task	Expected Outcome
ID1	Investor Protection Fund	Issuance of the IPF decree, completion of a full set of executive regulations, and a detailed plan to implement the fund.
ID2	Implementation of Margin Trading & Net Capital Regulations and Rules	Licensing of brokerage firms to extend to clients a credit on margin to purchase securities and compliance of these brokerage firms with the applicable regulations, rules, and procedures.
ID3	Restructuring along Functional Lines	Presentation of a new organizational structure, functional statements, and job descriptions to the CMA Board of Directors for approval.
ID4	CMA Disclosure Website	Launch of the CMA disclosure website.
LR1	Securitization	Issuance of regulations covering securitization activities and developing an implementation plan for REFA through CMA
LR2	New Rules and Regulations	Outcomes under this task will be determined over the course of the coming extension period by the CMA and market needs.
FIS1	Primary Dealers for Government Securities	Launch of the MOF's Primary Dealers System and converting government bonds from physical certificates to the book-entry system of MCDR.
FIS2	Debt Management	Public release of a schedule for the issuance of debt by the government of Egypt for 2003-2004.
FIS3	Trading Infrastructure for Government and Other Fixed-Income Securities	Improved trading and registry infrastructure for Treasury bills.
FIS4	Disclosure Guide on Fixed-Income Securities	Clear disclosure requirements for issuing and trading fixed-income securities.
NR1	Debt Floatation by the National Investment Bank	A roadmap for the floatation of debt securities by the NIB.
NR2	Awareness of New Financial Instruments	Evidence of increased awareness of at least one types of a potential new financial instrument.

Table 6.2 USAID Contractual Deliverables and Related Work Plan Tasks

USAID Deliverable	Related Task/Subtask
1. Draft executive rules for the investor protection fund, execute its implementation plan and provide a workshop for market participants and journalists.	ID1
2. Conduct a workshop for brokers and journalists on the new margin trading and net capital regulations and rules, training and inspection procedures and checklists for CMA managers and staff members, and providing an electronic reporting system.	ID2
3. Draft implementation plan for restructuring and reorganization, draft organizational structure, functional statements and job descriptions, and provide a final version of new organizational structure, functional statements, and job descriptions.	ID3
4. Launching of the CMA disclosure website.	ID4
5. Conduct a securitization study, draft regulations on securitization (pending approval of Capital Market Law amendments), conduct a workshop for journalists, and sponsoring a conference with the Egyptian Young Bankers Association.	LR1
6. Prepare a corporate governance report, conduct at least two workshops on legal and regulatory issues and another one for judges and prosecutors on fraud and financial crimes, and provide operational training for CMA inspection staff.	LR2
7. Provide on-the-job training for MOF's Department of Primary Dealers and Auctions, training workshops for selected primary dealers and for MCDR and CMA staff, conduct at least two roundtables for all participants including MOF, CBE, CMA, MCDR and the selected primary dealers and one forum for journalists on the Primary Dealers System	FIS1
8. Prepare a disclosure guide on fixed-income securities.	FIS4
9. Prepare two reports; one on the scenarios the NIB could assume on the function and liquidity of the secondary debt market, including a roadmap for the establishment of a separate entity based on the scenario selected. The other report on alternatives available to the NIB to raise funds through the debt market, including an assessment of receptivity among local and international participants.	NF1
10. One roundtable session.	NF2